



## Mississippi Department of Education

Richard L. Thompson, Ed.D., State Superintendent of Education

Office of the Deputy Superintendent • R. D. Harris • Deputy State Superintendent  
Charles Kirby • Director • Child Nutrition • 601-354-7015 • Fax: 601-354-7595

March 9, 2000

Mrs. Dorothy Caldwell, Deputy Administrator  
USDA-Special Nutrition Programs  
3101 Park Center Drive  
Alexandria, VA 22302-1500

Dear Mrs. Caldwell:

Our office has made every effort possible to attend and participate in sessions, discussions, comments and questions on BPR since the concept was initially presented. Frankly, the concepts included make no more sense today than they did over a year ago. There is a gross lack of understanding of how the commercial food industry functions from manufacturers through institutional distribution to local purchasing agencies/units.

This lack of understanding or wrongful understanding uses the concept of 100% substitution and a seamless supply concept even though it will result in major increases in cost to end users. To ignore costs such as a sales force, brokerage fees, slotting fees, marketing funds, freight, as well as distributor margins is unrealistic. These additional costs will add a minimum of 25 to 35% to the cost of a USDA donated food.

Should the product be further processed, these costs will go higher. Districts with limited distributor competition will be further disadvantaged. The BPR proposal seems like a cash drain for consultants, sales agents and distributors at the expense of school districts.

If USDA can provide the items schools want, in the quantities they want, when they want, why can't you offer this to States now? I see nothing in the BPR proposal that would eliminate issues/limitations such as truckloadings, minimum shipments, minimum drops, etc. BPR offers no solution to these issues without the additional costs being borne by school districts.

In that some of the concepts specified as well as those implied will impact on current Federal Regulations, we assume that these issues will be addressed through the formal Regulatory Process (Proposal, comment analysis, final regulations, etc.). Some of these will be reporting requirements (school district data) State entitlement, planned assistance level, processing regulations, commodity loss claims, etc. How and when will these processes be initiated?

It would be most helpful if someone could make a presentation and discuss step by step how these proposals might work. For example:

1. How will School District PAL be established? When and by whom? How will the information get to USDA? How will PAL be insured for each District? What happens if PAL not received in a given year? What and how does State entitlement work under this system?
2. Under seamless, how would a food order be placed? Food is ordered/delivered to schools each week from a Distributor. The Distributor orders from their stocking manufacturer as needed to fill these orders. With a few exceptions, no school district places a food order directly with a manufacturer.

Someone needs to describe each step of the planned ordering and delivery process. If this cannot be done, perhaps seamless should be deleted from the proposal until such time as they understand it well enough to explain it to others and answer questions.

3. How is USDA going to insure a fair market price for the food it purchases and delivers to some manufacturers? How is USDA going to insure that all products sold under BPR concept were produced from raw materials equal to or better than the USDA product? How will USDA insure that no foreign product is substituted for domestic product in these end products?
4. How is anyone going to be able to track, account for, or report on, donated food when it can not be distinguished from commercial product?
5. How will areas such as buying group private labels (SYSCO, Nugget, etc) product be handled? What about dual labeled products?
6. How will the success/failure of pilot projects be evaluated and by whom? Specifically, the pilot nor FDD staff could be considered objective in such a process.
7. Why would anyone consider or advocate increasing the sugar content of fruits or the fat content of meat when we have a Childhood Obesity Epidemic? Further, we would strongly oppose any procurement concept that bought light syrup one time and heavy syrup the next. School districts would have to adjust menus to control for calories and fat based on what was received. This is an unnecessary burden for local districts and does not serve our nutritional interests.
8. Why do we need computer connectivity with school districts and USDA? Food orders are actually placed with Institutional Distributors on a weekly basis! If the Distributor does not stock the product and/or it could not be received in time, the school district will not receive the product. All of the other bouncing around between USDA and approved manufacturers is somewhat irrelevant to food on hand to prepare meals.

9. Someone needs to outline for all State agencies, FEMA and Red Cross how the new commodity program will/will not work in natural disasters. There will be no identifiable USDA product or it will be further processing making it unavailable for use in disasters.
10. How does USDA intend that Child Care Programs that have opted for commodities will be addressed? Will this option be eliminated? What about SFSPC sponsors and charitable institutions?

Listed below are initial comments on the 16 concepts of the BPR Proposal. We await the detailed description of the system for complete comments.

1. Long Term Contracts:

We support.

2. Best-Value Contracting:

We support only to extent that best value is based on clear objective criteria developed prior to award and included in the contract.

3. Update Product Specifications:

We are unsure as to which products and which parts of the specifications would be changed. We would not agree that extensive use of commercial specifications be used.

4. Use of Commercial Labels:

This can be done but with recognition that neither we, warehouses, school districts or anyone else can track, report on, or account for donated foods as compared to purchased product.

5. Umbrella Contracts:

We could support the concept of National Processing Contracts. States could either sign on or sign off based on products, yield, prices, etc. These could be used for hard to use products as well.

6. 100% Substitution:

We are strongly opposed. USDA needs to develop proper accountability for products and issues of domestic origin prior to further action

7. Seamless:

We are opposed to BPR seamless concept. Far too costly and will have negative impact on school districts financial status.

8. Processing of Products with Limited Demand:

USDA should either have processing done at USDA expense or simply include in National Contract.

9. 10. 11. Hold and Recalls:

USDA needs to put procedures in place, explain to all parties involved, Implement System and then use it as described.

12. Computer Connectivity:

A decision needs to be made as to information available via web sites and a data system to place orders, etc. This would include who are users of the database. We see no compelling need for school district connectivity and the expenditure of millions of dollars to develop, operate and maintain.

13. USDA Single Contract:

Seems fine to us. They simply need to be informed and responsive.

14. Pilot Test:

Some of these items are not ready to pilot. Secondly, an independent evaluation component of each pilot should be required.

15. Expand 4/11:

It is important that a workable design for use of 4 and 11 be developed for items other than the DOD Produce Program.

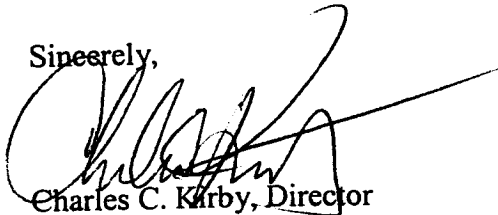
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16. Reduce Paperwork:

Yes

Should you have any questions, please contact me at (601) 354-7015.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles C. Kirby", with a long, sweeping horizontal line extending to the right.

Charles C. Kirby, Director  
Office of Child Nutrition

CCK:lh